



By Fax

January 29, 2007

Mr. Zdenko Mance
Rijeski list, d.o.o.
Zvonimirova 20a
Rijeka, Croatia

RE: CREDIT AGREEMENT BETWEEN
MEDIA DEVELOPMENT LOAN FUND AND RIJECKI LIST D.O.O.
DATED OCTOBER 28, 2007

NOTICE OF DEFAULT

WHEREAS, Section 7.01 of the above referenced Credit Agreement provides that the Credit Agreement may be terminated by the Lender's notice to the Borrower if one or more Events of Default, as defined in the Credit Agreement, occur;

WHEREAS, Section 7.01(b) of the Credit Agreement provides that the Borrower's failure to observe or perform any covenant contained in Article V or Article VI of the Credit Agreement constitutes an Event of Default;

WHEREAS, through various acts, including but not limited to its actions to terminate the chief executive officer and to appoint the new chief executive officer of its subsidiary Novi list, the Borrower failed to observe the covenant contained in Article V, Section 5.02 of the Credit Agreement that requires the Borrower at all times to, *inter alia*, comply, and cause each of its Subsidiaries, including Novi list, to comply, in all material respects with all laws and regulations applicable to the operation of such business, and with all other applicable laws and regulations the noncompliance with which would have a material adverse effect on the business, financial condition or operations of the Borrower and its Subsidiaries taken as a whole or would affect the Borrower's ability to perform its obligations under this Agreement and the Note;

WHEREAS, through various acts, including but not limited to its actions to terminate the chief executive officer and to appoint the new chief executive officer of its subsidiary Novi list, the Borrower failed to observe the covenant contained in Article V, Section 5.03 of the Credit Agreement that requires the Borrower to comply in all material respects with all applicable laws, rules, regulations and orders;

WHEREAS, through various acts, including but not limited to its actions to terminate the chief executive officer and to appoint the new chief executive officer of Novi list, Novi list breached

Media Development Loan Fund

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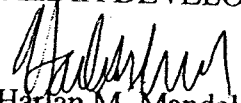
Section 5.1.1 of the Option Agreement between MDEF and Novi list dated October 28, 1999 (the "Option Agreement"), which requires Novi list to conduct its business (i) with due diligence and efficiency, (ii) in compliance with all applicable laws, regulations and orders of any governmental authority, (iii) in conformity with the general practice of independent, non-partisan, pluralistic, tolerant and responsible media; and (iv) in accordance with sound financial and accounting practices;

WHEREAS, pursuant to Section 7.01(m)(Item 25(3)) the breach of the Option Agreement constitutes an Event of Default under the Credit Agreement

NOW, THEREFORE, Media Development Loan Fund as the Lender ("MDLF") hereby notifies the Borrower of the following:

1. Pursuant to Section 7.01 of the Credit Agreement, as of the date of this Notice, MDLF has terminated the Credit Agreement and the entire amount of the Commitment, including both principal and interest, under the Credit Agreements is due and payable in full immediately.
2. MDLF hereby demands immediate and full repayment by the Borrower of entire amount of the Commitment under the Credit Agreements, plus all unpaid interest, including default interest, if any, and Monitoring Fees pursuant to Section 2.05 (Item 20 of Exhibit A). As of the date hereof those amounts total €100,000 in principal payment plus accrued interest in the amount of €997.26; totalling €103,242.45. If the full payment pursuant to this section 2 of the Notice is not credited to MDLF's account within 10 (ten) business days, MDLF will undertake all necessary legal action including the motion to competent court to enforce the payment.
3. Pursuant to Section 2.02(b) of the Credit Agreement (Default Interest Rate), the entire amount of principal and unpaid interest, shall from this date accrue default interest at the rate of 10% per annum until full payment.
4. The Borrower shall be liable for all out-of-pocket expenses incurred by MDLF, including fees, disbursements of counsel, in connection to the above mentioned Events of Default and collection and other enforcement, judicial or administrative proceedings resulting therefrom.

MEDIA DEVELOPMENT LOAN FUND



Harlan M. Mandel

Deputy Managing Director

Cc: Eleonora Marac, Counsel

MEDIA DEVELOPMENT EQUITY FUND, LLC

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Tel: (212) 807 1304; Fax: (212) 807 0540

faxMESSAGE

To: Franjo Butorac

Date: January 29, 2007

From: Elena Popovic

Fax number: +385 51 650 032

Cc: Zdenko Mance;
Eleonora Marac

Pages: 1 + 4

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